

# Talk With Eric Reynolds Leads To The Heart Of Nau

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Last week I posted a piece about Nau, the new outdoor clothing retailer. I received a comment from Eric Reynolds, the founder, thanking me for the supportive nature of the posting. We exchanged a few emails in which he sent me some information about his philosophies following which I had the chance to have a long telephone conversation with him.

I've spent the last couple of days really mulling over this posting. Why? Well, I really wanted to make sure I accurately captured the essence of Nau and the vision and original intent of Eric Reynolds. To be absolutely sure I had, I typed it out and then emailed it to Reynolds to be critiqued by the man himself.

While most of the press coverage of Nau has really focused on its sustainable approach to business, I feel that none of it has really captured the core or essence of the business model. While sustainability is a sizeable piece of the whole, it is not the heart of the business model, nor is it the real brilliance of it.

While Nau's approach to integrating sustainable practices into the business is certainly revolutionary in itself, by way of its total penetration into every aspect of the business from its very embryonic stage, the core of Nau's business model is really to be found in the **JOY OF GIVING**.

That's right! The joy of giving! And while a storyline like this may never make it into the pages of *Fast Company* or *Wired* magazines, *Moving Into The Conceptual* has the freedom to tell it like it is.

How did that end up being at the core of Nau's business model? Where did a statement like the "joy of giving" come from anyway?

From Reynolds himself. In talking with Reynolds, I was able to get some real insight into the development and evolution of his business and personal philosophies. Specifically that the JOY of giving was at the very heart of Nau. As I said earlier, he also emailed me a variety of articles and related material that really clarified my understanding of everything.

I suppose it could be said the foundation of Nau was deeply influenced by the values instilled into Eric as a child. As he stated, he survives in this world today by believing in four truths, simple yet incredibly powerful. These truths, really espoused by many of the real moral leaders from the time of Jesus Christ on were introduced into the Reynolds family by way of none other than Gandhi. So, what are these four truths?

1. Perhaps the truth that Reynolds emphasized the most in my discussion with him was this: "**One person can change the world**". Gandhi was a frequently cited resource when it came time for his parents to transfer a solid set of moral and ethical values to him and his brothers.
2. **To give is a joy**. While many companies give of their financial resources, I've never heard of a company until Nau (I wonder how many times that jokes been cracked already?) that has the JOY inherent in the experience of giving as a part of the founder's vision. It will be interesting to observe how this is expressed in Nau's practices as it moves into the future. As Gandhi said, "The best way to find yourself is to lose yourself in the service of others".
3. **Love conquers all**. Gandhi, probably one of history's all time greatest proponents of non-violence as the strongest weapon in man's arsenal stated, "Whenever you are confronted by an opponent-conquer him with love".
4. Do unto others, as you would have them do unto you. This **Golden Rule** was and is paramount to Reynolds' belief that the more selflessly one lives, the more richly one is rewarded.

Another other major influence in the development of Nau was the corporate lawyer and social change activist, **Robert Hinkley**. Hinkley first proposed **The Code for Corporate Citizenship** about seven years ago. He even left active practice of corporate law for a number of years to devote full-time to promoting The Code. Basically, the code is this:

**"but not at the expense of the environment, human rights, the public health and safety, the dignity of employees or the welfare of the communities in which the corporation operates"**

What does this mean? Well, that probably requires a little bit of history.

In the United States, the liberal democracy form of government was developed in the last half of the 18th century. As most of us know, the idea was and is that the "public interest could be protected under a system of laws enacted by the vote of the people's elected representatives". This system relies on the belief of that time that extensive harm to the public

interest could not be done before a law was passed to restrict the harming behavior. Unfortunately, because the modern corporation didn't come to be until around 100 years later, we have a set of laws made for people that apply to the modern corporation. Also unfortunate is the fact that, as Robert Hinkley has stated, big corporations can now do more damage to the public interest in one afternoon than a human being can do in a lifetime.

But it gets trickier. In corporate law, there is a mandate typically known as "**shareholder primacy**". This mandate states that the corporation is established for the sole purpose of making money for shareholders. So it may not just be a case of unethical leadership in companies that is the cause of the damage being done on a daily basis by corporate America. Really, in the end, companies are bound by the law to do it or they face possible lawsuits and job uncertainty.

That's where Hinkley comes in. Working in corporate law for 20 years gives a person a pretty clear picture of the corporation, its components and how they are intertwined. He felt that as long as corporate directors were mandated to put shareholders above all else, the environment would continue to be damaged, as well human rights, public health and safety, the dignity of the employees and the welfare of their communities. By adding Code of Corporate Citizenship to corporate law, directors of a corporation are still there to make money for shareholders but not at the expense of anything and everything.

One tidbit I found interesting in going through all of the material Reynolds sent me was the result of two identical Business Week/Harris polls performed during separate years.

In the poll, citizens of the United States were given the following two statements:

1. **"Corporations should have only one purpose-to make the most profit for their shareholders-and the pursuit of that goal will be the best for America in the long run."**

AND

2. **"Corporations should have more than one purpose. They also own something to their workers and the communities in which they operate and should sometimes sacrifice some profit for the sake of making things better for their workers and communities"**

A little over 95% of respondents chose the second statement as preferable in both instances the poll was taken. This obviously spells hope for Hinkley in his quest. As he has stated, "corporations only exist because state legislatures, the elected representatives of the people, have passed laws allowing corporations to be formed and recognized". It would seem that a great majority, even allowing for statistical errors in the polls, reject the notion of shareholder primacy in favor of a balance between profit and public interest.

I would assume that this means, barring some drastic change in public opinion, that eventually the law will be changed.

So, Reynolds, inspired by a mixture of the likes of Gandhi and Robert Hinkley decided it was time to build a company based "on and because of-a set of basic human values". He felt that a company that was founded on "the idea of making money by doing the right thing" and "the idea that by giving more we will make more", would be "irresistibly attractive, optimistic, and compelling".

I would have to agree and that's why I've had such a difficult time writing this posting.

This is a very hard conceptual model to express in words, it is something that has to be seen in action. These are the type of qualities that to succeed in a business, must be inherent in every one of its employees. These are values that can't just be talked about, they must be lived out. Maybe that's why the whole idea of sustainability was incorporated into every facet of Nau's development. Not just to live out the Code of

Corporate Citizenship before its time, but to make Nau a living entity living out the best of human values. It seems too human to me I guess because you don't see corporations out there these days with these types of high moral, ethical values and beliefs.

It has to be this way though. With their point-of-sale donation program, in which 5% of sales are donated to a charitable organization in Nau's **Partners For Change** program, one of the customer's choosing, Nau hopes to "stir a shared belief in our vision, because it will appeal to the good in each and every one of them". This really does require a human quality to pull off.

I would think that with the thirst for meaning people so clearly display in the early days of the 21st century that this type of model could be the inevitable future of business. Yes sustainability is important. We must think of our children and our children's children who will inhabit the earth a century from now. Our choices impact that future and we must make the right ones. It's not just about us like media and pop culture would so like us to believe. There is so much more JOY inherent in giving than receiving. People are just so fearful, so scared to change.

But they are missing so much. As Gandhi once said:

*"Action for one's own self binds; action for the sake of others delivers us from bondage."*

